

**SOUTHWEST KANSAS LIBRARY SYSTEM
DODGE CITY, KANSAS**

**FINANCIAL STATEMENT
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2012**

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| Independent Auditor's Report..... | 1 |
| <u>FINANCIAL SECTION</u> | |
| Statement 1 | |
| Summary Statement of Receipts, Expenditures and Unencumbered Cash..... | 4 |
| Notes to the Financial Statement | 5 |
| <u>REGULATORY REQUIRED SUPPLEMENTARY INFORMATION</u> | |
| Schedule 1 | |
| Summary of Expenditures – Actual and Budget..... | 10 |
| Schedule 2 | |
| Schedule of Receipts and Expenditures | |
| 2-1 General Fund..... | 11 |
| <u>Special Purpose Funds</u> | |
| 2-2 Employee Benefits Fund..... | 12 |
| 2-3 Non-Budgeted Special Purpose Funds..... | 13 |

Kennedy
McKee & Company LLP Certified Public Accountants

1100 W. Frontview
P. O. Box 1477
Dodge City, Kansas 67801
Tel. (620) 227-3135
Fax (620) 227-2308
www.kmc-cpa.com

JAMES W. KENNEDY, CPA
JAMES R. SHIRLEY, CPA
LU ANN WETMORE, CPA
ROBERT C. NEIDHART, CPA
PATRICK M. FRIESS, CPA
JOHN W. HENDRICKSON, CPA

INDEPENDENT AUDITOR'S REPORT

Southwest Kansas Library System
Dodge City, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Southwest Kansas Library System, as of and for the year ended December 31, 2012, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note A to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note A, the financial statement is prepared by the Southwest Kansas Library System to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Southwest Kansas Library System as of December 31, 2012, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of the Southwest Kansas Library System as of December 31, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note A.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget and the individual fund schedules of regulatory basis receipts and expenditures (Schedules 1 and 2 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note A.

The 2011 Actual columns presented in the individual fund schedules of cash receipts and expenditures (Schedule 2 as listed in the table of contents) upon which we rendered an unqualified opinion dated October 30, 2013 are also presented for comparative analysis and are not a required part of the 2012 financial statement. The 2011 financial statements and our accompanying report are not presented herein, but are available at the office of Southwest Kansas Library System located at 100 Military Avenue, Suite 210, Dodge City, Kansas. Such 2011 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2011 financial statements. The 2011 comparative information was subjected to the auditing procedures applied in the audit of the 2011 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2011 financial statements or to the 2011 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2011 comparative information is fairly stated in all material respects in relation to the 2011 financial statements as a whole.

Kennedy McKee & Company LLP

October 30, 2013

**SOUTHWEST KANSAS LIBRARY SYSTEM
DODGE CITY, KANSAS**

**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
REGULATORY BASIS**

For the Year Ended December 31, 2012

| <u>Fund</u> | <u>Beginning unencumbered cash balance</u> | <u>Prior year canceled encumbrances</u> | <u>Receipts</u> |
|----------------------------------|--|---|--------------------------|
| General fund: | | | |
| General | <u>\$ 438,644</u> | <u>\$ -</u> | <u>\$ 632,565</u> |
| Special purpose funds: | | | |
| Employee benefits | 18,837 | - | 100,458 |
| State aid | - | - | 92,281 |
| Children service grant | 112 | - | - |
| Blind and physically handicapped | <u>28,229</u> | <u>-</u> | <u>25,175</u> |
| Total special purpose funds | <u>47,178</u> | <u>-</u> | <u>217,914</u> |
| Total | <u><u>\$ 485,822</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 850,479</u></u> |
| Composition of cash: | | | |
| Checking accounts | | | |
| Money market accounts | | | |
| Certificates of deposit | | | |
| Total | | | |

The notes to the financial statement are an integral part of this statement.

| <u>Expenditures</u> | <u>Residual equity transfers</u> | <u>Ending unencumbered cash balance</u> | <u>Add encumbrances and accounts payable</u> | <u>Ending cash balance</u> |
|--------------------------|--|---|--|--------------------------------|
| <u>\$ 650,748</u> | <u>\$ 23,937</u> | <u>\$ 444,398</u> | <u>\$ 2,768</u> | <u>\$ 447,166</u> |
| 81,543 | - | 37,752 | - | 37,752 |
| 92,281 | - | - | - | - |
| - | (112) | - | - | - |
| <u>29,579</u> | <u>(23,825)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>203,403</u> | <u>(23,937)</u> | <u>37,752</u> | <u>-</u> | <u>37,752</u> |
| <u><u>\$ 854,151</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 482,150</u></u> | <u><u>\$ 2,768</u></u> | <u><u>\$ 484,918</u></u> |
| | | | | \$ 137,974 |
| | | | | 112,585 |
| | | | | <u>234,359</u> |
| | | | | <u><u>\$ 484,918</u></u> |

**SOUTHWEST KANSAS LIBRARY SYSTEM
DODGE CITY, KANSAS**

NOTES TO FINANCIAL STATEMENT

December 31, 2012

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statement is presented to assist in understanding the Southwest Kansas Library System's financial statement. The financial statement and notes are representations of the System's management, which is responsible for their integrity and objectivity.

1. Municipal Financial Reporting Entity

The Southwest Kansas Library System, Dodge City, Kansas is a municipal corporation established under K.S.A. 75-2547 and 75-2548 as agents for support for local public libraries. The System is governed by a board of individuals who are appointed by local libraries (to represent their districts) and by the Governor (to represent Kansans who reside outside local public library districts).

2. Basis of Presentation – Fund Accounting

The accounts of the System are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the System for the year ended December 31, 2012:

REGULATORY BASIS FUND TYPES

General fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special purpose funds – used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows other than those mentioned above.

The System has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the System to use the regulatory basis of accounting.

4. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless exempted by a specific statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- a. Preparation of the budget for the succeeding fiscal year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments for the year ended December 31, 2012.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary Information (Continued)

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required the following special purpose funds:

State Aid
Children Service Grant
Blind and Physically Handicapped

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

B. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the System. The statute requires banks eligible to hold the System's funds to have a main or branch bank in the county in which the System is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The System has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the System's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Custodial credit risk - deposits. Custodial credit risk is the risk that, in the event of a bank failure, the System's deposits may not be returned to it. State statutes require the System's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka.

At December 31, 2012, the carrying amount of the System's deposits was \$484,918 and the bank balance was \$490,814, all of which was secured by FDIC coverage.

C. INTERFUND TRANSACTIONS

Operating transfers were as follows:

| <u>From</u> | <u>To</u> | <u>Amount</u> | <u>Regulatory authority</u> |
|-------------|-------------------|-----------------|---------------------------------|
| General | Employee benefits | <u>\$ 1,880</u> | K.S.A. 12-16,102 |

D. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other post employment benefits. As provided by K.S.A. 12-5040, the System allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the System is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the System makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the System under this program.

Compensated absences. System employees who are entitled to vacation leave receive one working day per month based on the average number of hours worked per week, 1-1/4 days after five years, 1-1/2 days after 10 years, 1-3/4 days after 15 years, and 2 days after completing 20 years of service. Vacation leave is accrued each month up to a maximum of 24 working days. Accrued vacation is paid upon termination.

Sick leave is accrued at the rate of one working day per month and may be accrued up to 90 days. Employees leaving employment in good standing will be reimbursed for 1/4 of accrued sick leave.

E. DEFINED BENEFIT PENSION PLAN

Plan description. The System participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 South Kansas, Suite 100; Topeka, KS 66603), at the following website: <http://www.kpers.org/annualreport2012.pdf> or by calling 1-888-275-5737.

E. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Funding Policy. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July, 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The System's employer contributions to KPERS for the year ending December 31, 2012, 2011, and 2010 were \$27,591, \$26,194 and \$20,614, respectively, equal to the required contributions for each year.

F. RISK MANAGEMENT

The System is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The System purchases commercial insurance to cover property, liability, and workers' compensation claims. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in any of the past three years.

G. SUBSEQUENT EVENT

Management has evaluated subsequent events through October 30, 2013, the date on which the financial statement was available to be used. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in this financial statement.

**REGULATORY REQUIRED
SUPPLEMENTARY INFORMATION**

**SOUTHWEST KANSAS LIBRARY SYSTEM
DODGE CITY, KANSAS**

**SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the Year Ended December 31, 2012

| <u>Fund</u> | <u>Certified budget</u> | <u>Adjustment for qualifying budget credits</u> | <u>Total budget for comparison</u> | <u>Expenditures chargeable to current year</u> | <u>Variance favorable (unfavorable)</u> |
|-----------------------|-----------------------------|---|--|--|---|
| General | \$ 841,247 | \$ - | \$ 841,247 | \$ 650,748 | \$ 190,499 |
| Special purpose fund: | | | | | |
| Employee benefits | <u>111,608</u> | <u>-</u> | <u>111,608</u> | <u>81,543</u> | <u>30,065</u> |
| | <u><u>\$ 952,855</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 952,855</u></u> | <u><u>\$ 732,291</u></u> | <u><u>\$ 220,564</u></u> |

See Independent Auditor's Report.

**SOUTHWEST KANSAS LIBRARY SYSTEM
DODGE CITY, KANSAS**

GENERAL FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

| | | 2012 | | Variance |
|--------------------------------------|-------------------|-------------------|-------------------|----------------------------|
| | 2011 | Actual | Budget | favorable (unfavorable) |
| Cash receipts: | | | | |
| Taxes: | | | | |
| Ad valorem tax | \$ 418,591 | \$ 412,779 | \$ 415,731 | \$ (2,952) |
| Delinquent tax | 2,957 | 3,476 | 2,000 | 1,476 |
| Motor vehicle tax | 14,281 | 15,364 | 14,476 | 888 |
| Recreational vehicle tax | 193 | 249 | 257 | (8) |
| 16/20M truck tax | 1,124 | 1,774 | 2,184 | (410) |
| Other taxes | 11,865 | 634 | - | 634 |
| Charges for services | 209,568 | 195,444 | 190,528 | 4,916 |
| Grants | 10,000 | 1,137 | - | 1,137 |
| Interest | 5,329 | 1,708 | 1,500 | 208 |
| Total cash receipts | <u>673,908</u> | <u>632,565</u> | <u>\$ 626,676</u> | <u>\$ 5,889</u> |
| Expenditures: | | | | |
| Operations: | | | | |
| Management | 25,119 | 19,630 | \$ 30,830 | \$ 11,200 |
| Facilities | 27,707 | 27,144 | 27,144 | - |
| Telecommunications | 2,818 | 391 | - | (391) |
| Postage and delivery | 1,706 | 1,221 | 2,185 | 964 |
| Supplies | 9,029 | 5,544 | - | (5,544) |
| Capital outlay | 15,150 | 26,739 | - | (26,739) |
| Personnel: | | | | |
| Salaries | 345,649 | 337,743 | 383,084 | 45,341 |
| Staff development | 4,895 | 5,968 | 5,800 | (168) |
| Services and programs: | | | | |
| Cataloging services | - | - | 7,000 | 7,000 |
| Consulting services | 10,114 | 35,744 | 52,270 | 16,526 |
| Continuing education and training | 11,161 | 13,053 | - | (13,053) |
| Resource sharing | 22,051 | 5,106 | 72,370 | 67,264 |
| Rotating service | 15,306 | 4,654 | 29,300 | 24,646 |
| State wide initiatives | - | - | 28,039 | 28,039 |
| Grant expense: | | | | |
| Library development grants | 169,900 | 163,300 | 169,900 | 6,600 |
| Technology grants | 18,349 | - | 24,000 | 24,000 |
| Other grant expense | 2,285 | 2,631 | - | (2,631) |
| Miscellaneous | - | - | 9,325 | 9,325 |
| Transfer to employee benefits | - | 1,880 | - | (1,880) |
| Total expenditures | <u>681,239</u> | <u>650,748</u> | <u>\$ 841,247</u> | <u>\$ 190,499</u> |
| Receipts over (under) expenditures | (7,331) | (18,183) | | |
| Unencumbered cash, beginning of year | 445,975 | 438,644 | <u>\$ 244,571</u> | <u>\$ 194,073</u> |
| Residual equity transfers | - | 23,937 | <u>\$ -</u> | <u>\$ 23,937</u> |
| Unencumbered cash, end of year | <u>\$ 438,644</u> | <u>\$ 444,398</u> | <u>\$ 30,000</u> | <u>\$ 414,398</u> |

See Independent Auditor's Report.

**SOUTHWEST KANSAS LIBRARY SYSTEM
DODGE CITY, KANSAS**

EMPLOYEE BENEFITS FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

| | | <u>2012</u> | | Variance |
|--------------------------------------|------------------|------------------|-------------------|----------------------------|
| | <u>2011</u> | <u>Actual</u> | <u>Budget</u> | favorable (unfavorable) |
| Cash receipts: | | | | |
| Taxes: | | | | |
| Ad valorem property tax | \$ 79,295 | \$ 94,280 | \$ 94,914 | \$ (634) |
| Delinquent tax | 542 | 709 | 500 | 209 |
| Motor vehicle tax | 2,814 | 2,955 | 2,729 | 226 |
| Recreational vehicle tax | 35 | 48 | 48 | - |
| 16/20M tax | 180 | 374 | 412 | (38) |
| Other taxes | 2,144 | 141 | - | 141 |
| Interest | 239 | 71 | 100 | (29) |
| Transfer from general | - | 1,880 | - | 1,880 |
| Total cash receipts | 85,249 | 100,458 | <u>\$ 98,703</u> | <u>\$ 1,755</u> |
| Expenditures: | | | | |
| Payroll expense | 89,327 | 81,543 | <u>\$ 111,608</u> | <u>\$ 30,065</u> |
| Receipts over (under) expenditures | (4,078) | 18,915 | | |
| Unencumbered cash, beginning of year | 22,915 | 18,837 | <u>\$ 12,905</u> | <u>\$ 5,932</u> |
| Unencumbered cash, end of year | <u>\$ 18,837</u> | <u>\$ 37,752</u> | | |

See Independent Auditor's Report.

**SOUTHWEST KANSAS LIBRARY SYSTEM
DODGE CITY, KANSAS**

NON-BUDGETED SPECIAL PURPOSE FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2012

| | State aid | Children service grant | Blind and physically handicapped | Total |
|--------------------------------------|---------------|------------------------------|--|-----------------|
| Cash receipts: | | | | |
| State aid | \$ 79,281 | \$ - | \$ - | \$ 79,281 |
| Grants | 13,000 | - | 25,175 | 38,175 |
| | <u>92,281</u> | <u>-</u> | <u>25,175</u> | <u>117,456</u> |
| Total cash receipts | | | | |
| | <u>92,281</u> | <u>-</u> | <u>25,175</u> | <u>117,456</u> |
| Expenditures: | | | | |
| Consulting services | 31,589 | - | - | 31,589 |
| Grant expense | 6,352 | - | 29,579 | 35,931 |
| Interlibrary loan service | 29,222 | - | - | 29,222 |
| Rotating service | 25,118 | - | - | 25,118 |
| | <u>92,281</u> | <u>-</u> | <u>29,579</u> | <u>121,860</u> |
| Total expenditures | | | | |
| | <u>92,281</u> | <u>-</u> | <u>29,579</u> | <u>121,860</u> |
| Receipts over (under) expenditures | - | - | (4,404) | (4,404) |
| Unencumbered cash, beginning of year | - | 112 | 28,229 | 28,341 |
| Residual equity transfers | - | (112) | (23,825) | (23,937) |
| | <u>-</u> | <u>(112)</u> | <u>(23,825)</u> | <u>(23,937)</u> |
| Unencumbered cash, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See Independent Auditor's Report.